



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

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GOVERNOR

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LYNDO TIPPETT
SECRETARY

August 07, 2008

MEMORANDUM

TO: NCDOT Employees

FROM: Lyndo Tippet

SUBJECT: NCDOT Realignment

Thank you for your participation over the past eighteen months as our Department has undertaken an extensive internal review of its organization and business practices. The goal of this review is to make NCDOT more strategically oriented, accountable, efficient and effective in its use of resources. The agency will be more focused on outcomes-based performance metrics and ultimately, better able to provide the transportation network and services needed by North Carolinians. NCDOT will also be an even greater workplace for our 14,000 employees.

We have already begun to develop and implement new strategies designed to take NCDOT solidly into the 21st century. A Strategic Planning Office has been established and a strategic planning and prioritization framework has been developed. We have also launched a comprehensive talent management strategy that includes a new performance management system unlike any other in North Carolina state government. In addition, we are in the process of making our organizational performance visible through a new executive dashboard reporting system.

Our Department, like many other state transportation agencies, faces challenges on a number of fronts. Demand for diverse transportation alternatives is increasing during a time of rising fuel and construction costs and flattening revenue. North Carolina's population is expected to grow by approximately 50 percent over the next 25 years, and it is becoming significantly more expensive to meet transportation-related needs for citizens. Meanwhile, federal and state transportation funding has been relatively flat over the last several years, and the Federal Highway Trust Fund program is projected to run out of funding by 2009 unless major action is taken.

Internally, our organization structurally has remained much the same, has limited ability to prioritize and fund projects, and has found it difficult to attract and retain top talent. In short, we have not been keeping up with the best organizations in the public and private sector, which are increasing their focus on efficiency and strategy to achieve operational excellence.

After assessing the transformation recommendations that have been made, I feel that it is now important to restructure the Department to incorporate needed changes. The restructuring plan

presented below will be accomplished by moving or reallocating existing positions rather than creating new ones. A key component of this plan is alignment of NCDOT business units along strategic functional lines and transitioning to a comprehensive multi-modal approach to delivering transportation projects. A strategically aligned organization will improve the way transportation services are delivered to North Carolinians. This new alignment will also address organizational structure challenges identified by the outside contractor hired to assess NCDOT. The challenges identified are:

- A silo culture across the Department, leading to limited coordination among business units;
- Insufficient accountability for delivery of projects, programs, services and initiatives;
- Inconsistent coordination across geographies in planning, designing, delivering and maintaining projects; and
- Slow decision-making processes with too many organizational layers.

The strategic functional alignments are:

Organization Monitoring, Communication & Control – This part of the organization will be responsible for overseeing and evaluating the day-to-day operations of the Department to ensure optimal efficiency, effectiveness and accountability. The responsible positions for this part of our organizational structure are the Chief Operating Officer (Chief Deputy Secretary), Inspector General, Communications Director and Governance Office Director.

Transportation Strategy & Investment Analysis - This part of the organization will be responsible for developing, monitoring and managing strategic plans and investment alternatives based on the long-range, multi-modal transportation needs of the state. The responsible positions for this part of our organizational structure are the Deputy Secretary for Intergovernmental Affairs and Budget Coordination and the Chief Financial Officer.

Transportation Business Administration - This part of the organization will be responsible for providing day-to-day business administration and supportive service functions to the Department. The responsible positions for this part of our organizational structure are the Deputy Secretary for Administration and Business Development and the Human Resources Director.

Transportation Process Management - This part of the organization will be responsible for providing department-wide technical and administrative services that improve delivery of the projects, programs, services and initiatives being managed by NCDOT. The responsible positions for this part of our organizational structure are the Technical Services Director and Chief Information Officer.

Transportation Program & Asset Management - This part of the organization will be responsible for providing the day-to-day central management, expertise and administration of the highway and multi-modal transportation programs being managed by NCDOT. The responsible

positions for this part of our organizational structure are the Deputy Secretary for Transit and the State Highway Administrator.

Transportation Program Delivery - This part of the organization will be responsible for managing the decentralized delivery of NCDOT projects, programs, services and initiatives. The responsible positions for this part of our organizational structure are the Chief Engineer of Operations and the Commissioner of Motor Vehicles.

Business unit managers will begin making the changes necessary to implement this new structure immediately. Our plan is to have the entire organization operating under this functional approach by September 2, 2008.

Employees who have served on the Transformation Management Team (TMT) will assist with this re-alignment over the next few months and will begin to transition back to their permanent duty stations. The TMT is currently compiling a final report that catalogs the findings and recommendations and implementation status of this work. The report is to be complete by September 30, 2008.

I encourage all employees to pull together to make this a smooth and successful transition. I am asking senior Departmental leaders to make time in their schedules to address any questions that you might have. By working together we can make the North Carolina Department of Transportation a better place to work, while continuing to be a leader among state transportation agencies.

Thank you for all your efforts and for helping us as we move forward improving the way we *'Connect people and places in North Carolina – safely and efficiently, with accountability and environmental sensitivity'*.

cc: Board of Transportation

attachments